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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

** All papers shall be filed in the Lead Case,
No. 19-30088 (DM).*

Chapter 11 Case No. 19-30088 (DM)
(Lead Case)
(Jointly Administered)

**PLAN PROPONENTS' RESPONSE WITH
RESPECT TO CORRECTED JOINT
STATEMENT OF THE TCC, TRUSTEE, AND
AD HOC GROUP OF OBJECTORS IN
CONNECTION WITH MEMORANDUM ON
OBJECTION OF ADVENTIST HEALTH,
AT&T, PARADISE ENTITIES AND
COMCAST TO TRUST DOCUMENTS**

1 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”),
2 as debtors and debtors in possession (collectively, “**PG&E**” or the “**Debtors**”) in the above-
3 captioned chapter 11 cases (the “**Chapter 11 Cases**”), and the Shareholder Proponents hereby
4 submit this joint Response (the “**Response**”) to the *Corrected Joint Statement of the TCC, Trustee,*
5 *and Ad Hoc Group of Objectors in Connection with Memorandum on Objection of Adventist Health,*
6 *AT&T, Paradise Entities and Comcast to Trust Documents* [Docket No. 7875] (the “**Corrected**
7 **Statement**”).

8 **Plan Proponents’ Response**

9 The Corrected Statement addresses two issues with respect to the Trust Documents: (i) the
10 scope of de novo review; and (ii) whether the Fire Victim Trust may assert the Debtors and
11 Reorganized Debtors’ rights of set off with respect to Fire Victim Claims.

12 With respect to item (i), the Plan Proponents simply once again assert that the Trust
13 Documents should be fair and equitable and apply equally to all claimants.

14 With respect to item (ii), the issue is framed based upon a purported provision in the
15 Proposed Confirmation Order that is not even contained in the Proposed Confirmation Order
16 [Docket No. 7581]. On page 7 of the Corrected Statement appears the following:

17 The current draft of Paragraph 19 of the Confirmation Order relating to the Trust
18 Documents includes the following provision:

19 “The Trust shall not have any rights of the Reorganized Debtors under the executory
20 contracts and unexpired leases that are assumed pursuant to the Plan or during the
21 Chapter 11 Cases under section 365 of the Bankruptcy Code, **except for any**
22 **Assigned Rights and Causes of Action that arise under such executory contracts**
23 **or unexpired leases**. Notwithstanding the foregoing, if a Fire Victim has liability to
24 the Debtors under an executory contract or unexpired lease that arises from or is
25 attributable to a Fire, including without limitation, the obligation to indemnify the
26 Debtors under an executory contract or unexpired lease for or as a result of a Fire,
27 the Trust shall have the right to setoff or recoup such liability from such Fire
28 Victim’s Fire Victim Claim regardless of whether such executory contract or
unexpired lease is assumed pursuant to the Plan.” (emphasis in original)

26 The Proposed Confirmation Order [Docket No. 7581] filed on May 26, 2020 (as
27 acknowledged in the Corrected Statement) contains no such provision. More importantly, it would
28 be totally inappropriate to include such a provision in the Confirmation Order or the Trust

1 Documents because, among other things, it is contrary to the provisions of the Plan. The effect of
2 the proposed provision would be an assignment to the Fire Victim Trust of not only the Assigned
3 Rights and Causes of Action, but also the Debtors' other claims against those third parties that are
4 not within the scope of the Assigned Rights and Causes of Action. This is well beyond the
5 provisions of the Plan and must be rejected. The Fire Victim Trust has the right to pursue the
6 Assigned Rights and Causes of Action and no more. It does not succeed to other rights of the
7 Debtors or Reorganized Debtors. This is consistent with the responses the Plan Proponents filed
8 with respect to proposed revisions to the Plan and Proposed Confirmation Order filed by other
9 parties earlier this week. It is also consistent with the recent stipulation among the Plan Proponents
10 and the TCC approved by the Court resolving the scope of the Assigned Rights and Causes of
11 Action and Retained Rights and Causes of Action [Docket No. 7718].

12 Further, the Fire Victim Trust Documents continue to be revised and the TCC continues to
13 send comments on the Proposed Confirmation Order to address matters related to those documents,
14 among other things. The Plan Proponents have serious concerns and objections with respect to these
15 matters that the TCC and the Plan Proponents have not yet been able to fully address and attempt to
16 resolve due to other pressing matters including, mediation of the registration rights issues, arbitration
17 of the NENI issue, mediation of the PERA issue, addressing confirmation objections, and others.

18 There is no requirement under the Plan that the form of the Fire Victim Trust Documents be
19 finalized before a Confirmation Order is entered. The Plan Proponents need additional time to
20 address these issues, and, in particular, a host of quite substantive proposed revisions to the Proposed
21 Confirmation Order from the TCC that were received only earlier this week.

1 Dated: June 11, 2020
2 New York, New York

3 **WEIL, GOTSHAL & MANGES LLP**
4 **KELLER BENVENUTTI KIM LLP**

5 By: /s/ Stephen Karotkin
6 Stephen Karotkin

7 *Attorneys for Debtors and Debtors in*
8 *Possession*